



# **ESSLING CAPITAL ESG CHARTER**

**May 2018**

---



## RESPONSIBLE INVESTMENT - PRIVATE EQUITY ESG CHARTER

Responsible investment matters to Essling Capital. It can reduce risks and enhance value creation and additionally matches the expectations expressed by our investors.

### ❖ WHAT IS RESPONSIBLE INVESTMENT ?

Responsible investment is about incorporating Environmental, Social and Governance (ESG) issues into investment decision making and in the monitoring of portfolio investments.

### ❖ UN BACKED PRINCIPLES FOR RESPONSIBLE INVESTMENTS

Essling Capital is a signatory of UN-backed Principles for Responsible Investments (PRI). As institutional investors, we have a duty to act in the best long-term interest of our beneficiaries. In this fiduciary role, we believe that ESG issues can affect the performance of investment portfolio (to varying degrees across companies, sectors, regions and through time) and we recognize that applying these Principles may better align the investors with broader objectives of society.

3

### ❖ PURPOSE

The purpose of this policy is to define Essling Capital approach to integrating the consideration of ESG risks and value creation opportunities into investments made in private equity.

### ❖ SCOPE

This policy applies to all private equity investments: direct investments in portfolio companies, investments in primary funds and co-investments.

Essling Capital will seek to update the policy continually.

---

#### Essling Capital

French Société par Actions Simplifiée (SAS), share capital: EUR 3,800,000  
Portfolio management company authorized on June 21st, 2017 by the AMF under agreement n° GP-17000016)  
78 avenue Raymond Poincaré, 75116 Paris, France - T. + 33 1 40 60 22 30 - contact@essling.com  
SIREN no. 827 573783 RCS PARIS – A.P.E. 6420Z

## ❖ ROLES AND RESPONSIBILITIES

Essling Capital private equity investment professionals are primary responsible for insuring that the consideration of ESG issues is integrated into private equity investment decisions.

## ❖ ESG INTEGRATION IN PRIVATE EQUITY INVESTMENTS

Essling Capital implements formal processes to integrate ESG into its investment processes and to promote ESG as an investment consideration among General Partners (GPs) when investing in primary funds and co-investments. As a GP, Essling Capital has issued a plan with progressive clear objectives for portfolios on target issues.

### *Pre-investment*

Every new investment is subject to Essling Capital's ESG due diligence process.

Pre-investment in a private equity business (direct investment), Essling Capital systematically conducts an ESG review to highlight the main ESG risks and opportunities of an investment, including a questionnaire with a score table. During the audit phase a roadmap is proposed, discussed with management teams and followed by the proposition of an action plan to improve the situation on several key items.

Pre-commitment to a primary fund, the GP of the fund responds to the PRI Limited Partners' Responsible Investment Due Diligence Questionnaire (DDQ). The DDQ aims to understand and evaluate a GP's processes for integrating material ESG factors into their investment practices and to understand where responsibility for doing so lies. It is not intended to be used as a check list but as a tool to establish dialogue between Essling Capital and the GP.

Pre-investment in a private equity business alongside a GP (co-investment), Essling Capital has access to the due diligence that the GP went through. While assessing the prospective investment, Essling Capital's investment team analyzes and discusses the potentially material ESG risks and ESG related opportunities identified by the GP or Essling Capital.

### ***During investment***

As a GP, Essling Capital monitors the actions taken by portfolio companies on ESG issues, relying on their respective roadmaps elaborated during the ESG audit phase. An annual questionnaire allows Essling Capital to monitor the progress made by portfolio companies on chosen key items. Essling Capital is dedicated to make an annual reporting to LPs on ESG issues.

As an investor in primary funds, Essling Capital monitors and ensures that the funds it has invested in are operating consistently with agreed upon ESG policies and practices by:

- reviewing the annual ESG reports prepared by the GPs ;
- participating to annual investor meetings ;
- participating to Limited Partners Advisory Committees where Essling Capital is a member.

Essling Capital monitoring of the portfolio companies it has invested in alongside GPs (co-investments) is either indirect (through the GP) or direct (board participation). It is the GP's responsibility to ensure that the portfolio companies it has invested in devote sufficient resources and have adequate ESG related competence to manage material ESG factors that have been identified.

Essling Capital plays an active role in monitoring ESG incidents. When Essling Capital becomes aware of a material ESG related incident, discussions take place with the GP on how the GP and portfolio companies manage this ESG issue. Essling Capital tracks the progress made on that issue over time.

5

### **◆ TRANSPARENCY**

Essling Capital seeks to be transparent in its approach to incorporating ESG considerations in its private equity investments by reporting at least annually on its progress and outcomes at the Firm's level.

The reporting format may vary among written public reports or confidential fund or asset level reports to Essling Capital investors.

---

#### **Essling Capital**

French Société par Actions Simplifiée (SAS), share capital: EUR 3,800,000  
Portfolio management company authorized on June 21st, 2017 by the AMF under agreement n° GP-17000016)  
78 avenue Raymond Poincaré, 75116 Paris, France - T. + 33 1 40 60 22 30 - contact@essling.com  
SIREN no. 827 573783 RCS PARIS – A.P.E. 6420Z



Essling Capital  
78 avenue Raymond Poincaré  
75116 Paris  
France  
+ 33 1 40 60 22 30  
contact@essling.com

<http://www.esslingcapital.com/>